

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 COME-00 TRSE-00 AGR-20 OMB-01 AID-20

STR-08 IO-14 SIL-01 LAB-06 /176 R

DRAFTED BY ARA/CEN-H:MCOTTER:PW

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FM SECSTATE WASHDC

TO AMEMBASSY TEGUCIGALPA

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY MANAGUA

USCINCSO

C O N F I D E N T I A L STATE 102575

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: EAGR, PFOR, H

SUBJECT: CONVERSATION WITH AMBASSADOR ROBERTO GALVEZ

1. SUMMARY: GALVEZ AND CEN DIRECTOR LAZAR TALKED FOR TWO HOURS MAY 14 AT REQUEST OF GALVEZ. DISCUSSION COVERED BANANA SITUATION, CURRENT POLITICAL PROBLEMS AND GALVEZ' THOUGHTS RE POSSIBLE SOLUTION, OUTLOOK FOR JALAPA MEETING, AND GALVEZ' FUTURE PLANS. ON BANANAS, GALVEZ SEEMED TO INDICATE SOME NEGOTIATING ROOM EXISTS. DISTINCT IMPRESSION LEFT THAT GALVEZ IS RETURNING TO HONDURAS TO ENGAGE IN SOME KIND OF POLITICAL ACTIVITY. END SUMMARY.

2. DURING A MAY 14 CALL ON CEN DIRECTOR LAZAR, AMBASSADOR
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ROBERTO GALVEZ SAID HE WILL BE DEPARTING FROM WASHINGTON

PERMANENTLY NO LATER THAN THE END OF JUNE. ALTHOUGH OSTENSIBLE REASON FOR DEPARTURE IS AILING HEALTH OF HIS MOTHER, COURSE OF CONVERSATION LEFT NO DOUBT GALVEZ HAS POLITICAL INTERESTS IN MIND. HE NOTED THE LACK OF POLITICAL DIRECTION OF THE GOH THAT RESULTS IN UNCOORDINATED AND FREQUENT BADLY-PLANNED ACTIVITY. EXAMPLES HE STRESSED WERE LACK OF CONTACT WITH PRIVATE SECTOR ON DEVELOPMENT PLANNING EXERCISES AND AGRARIAN REFORM FIASCO. PARTICULAR STRESS WAS PLACED ON ACTIVITIES OF MANLIO MARTINEZ, ESPECIALLY HIS (APPARENTLY UNCLEARED) DECISION TO UNVEIL DEVELOPMENT PLAN AT MEETING OF UNIVERSITY STUDENTS.

HE SEES BEST SOLUTION TO BE IMMEDIATE ANNOUNCEMENT OF ELECTIONS TO BE HELD ON A SPECIFIC DATE IN THE NEAR FUTURE--HE MENTIONED ONE YEAR--TO BE PRECEDED, IF NECESSARY, BY REPLACEMENT OF OLA. GALVEZ SAID THE POLITICAL PARTIES WOULD SUPPORT SUCH A MOVE AND WOULD SUPPORT THE INTERIM GOVERNMENT SINCE ONE OF THEM WOULD TAKE OVER THE GOVERNMENT WITHIN A SHORT TIME. HE SAID THE ELECTION SHOULD BE COMPLETELY FREE, WITHOUT THE PACTO WHICH MARKED THE 1970 ELECTION AND WAS INSTRUMENTAL IN CAUSING THE DOWNFALL OF THE CRUZ GOVERNMENT.

3. GALVEZ CONFIRMED THE CA SUMMIT MEETING IS SCHEDULED FOR MAY 29-30 IN JALAPA. HE SAID THERE IS A POSSIBILITY OF MOVING TOWARD SOLUTION OF CONFLICT WITH EL SALVADOR AT THIS MEETING BUT EVADED THE QUESTION OF WHETHER HONDURAS' INTERNAL PROBLEMS MAKE THE PROSPECT OF ANY REAL PROGRESS LIKELY NOW. HE SAID ARANA, SOMOZA AND (OF COURSE) MOLINA ARE UNHAPPY WITH THE PRESENT COURSE OF EVENTS IN HONDURAS AND WILL WISH TO DISCUSS THESE IN RELATION TO GENERAL CA POLITICAL MATTERS IN ADDITION TO AND PERHAPS RATHER THAN THE SPECIFIC DISPUTE. GALVEZ FEARS HONDURAS MAY THUS FIND ITSELF IN AN UNFAVORABLE POSTURE WITH RESPECT TO SETTLEMENT OF THE DISPUTE.

4. ON THE SUBJECT OF BANANAS, GALVEZ INDICATED HE WAS RAISING MATTER ON INSTRUCTION OF BATRES. HE EXPRESSED CONCERN OVER PROBLEMS FACED AT PRESENT TIME VIS-A-VIS STANDARD. CONTRACT NEGOTIATIONS IN THE CURRENT UNSETTLED

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ATMOSPHERE AND STANDARD'S INTRANSIGENCE IN NEGOTIATIONS AND REFUSAL TO SHIP PLACE THE COMPANY IN A PRECARIOUS POSITION. HE NOTED AS AN OMINOUS SIGN THE NEW NEGOTIATORS CHOSEN BY THE UNION WHICH HE CHARACTERIZED AS COMMUNIST. LAZAR SUGGESTED GALEZ CONTACT STANDARD REP IN WASHINGTON AND EXPLAIN, IN A NONTHREATENING MANNER, THE CURRENT HONDURAN LABOR SITUATION AND THE FACT THAT PLAY-OUT OF THE WHOLE PICTURE COULD RESULT IN GREATER PROBLEMS FOR STANDARD THAN

IT MIGHT PRESENTLY FORESEE. GALVEZ SAID HE IS LUNCHING WITH STANDARD REP BURROWS EARLY NEXT WEEK. FYI: DEPARTMENT IS AWARE THAT BURROWS AND GALVEZ HAVE BEEN MEETING TOGETHER FREQUENTLY FOR SOME TIME ALTHOUGH NEITHER HAS MENTIONED THIS TO US. END FYI.

5. GALVEZ HOPED SOME SOLUTION ON THE BANANA TAX COULD BE FOUND. HE CHARACTERIZED ACTION OF GOH IN IMPOSING TAX AS PRECIPITOUS AND SEVERAL TIMES EXPRESSED THE WISH THAT MATTER HAD BEEN MORE CLOSELY STUDIED PRIOR TO GOH ACTION TO IMPOSE TAX. HE ASKED IF LAZAR HAD HEARD OF A RECENT MEETING BETWEEN STANDARD AND UNITED IN NEW YORK WHICH GALVEZ SAID FONMIN BATRES HAD FROM A "RELIABLE SOURCE."

LAZAR SAID HE HAD NOT HEARD OF SUCH A MEETING AND, GIVEN THE COMPANIES' FEAR OF THE ANTI-TRUST LAWS, WOULD BE SKEPTICAL THAT SUCH A MEETING HAD TAKEN PLACE. GALVEZ SAID A WAY HAD TO BE FOUND FOR ALL PARTIES TO SIT DOWN AND DISCUSS THE PROBLEM TO FIND A SOLUTION. HE SUGGESTED THAT BANANA COMPANIES SHOULD SIT DOWN WITH UPEB COUNTRIES. LAZAR NOTED ANTI-TRUST PROBLEMS THUS CREATED BUT AGREED SUCH TALKS MIGHT BE NECESSARY AT SOME POINT AND AGREED TO INVESTIGATE POSSIBILITY OF EXPLORING WITH JUSTICE DEPARTMENT WHAT PROBLEMS WOULD BE INVOLVED IN SUCH JOINT TALKS.

6. LAZAR REMINDED GALVEZ OF AMBASSADOR EBERLE'S PROMISE TO SEND REPRESENTATIVE TO CA FOR CLOSER CONSULTATIONS ON THIS QUESTION IF THE UPEB COUNTRIES WISH. HE SAID MIN-ECON BENNATON HAD AGREED TO CONTACT THE OTHER UPEB COUNTRIES BUT WE HAD HEARD NO MORE AND WERE WAITING TO HEAR FURTHER IF UPEB IS INTERESTED IN THE CONSULTATION.

7. COMMENT: IT IS UNCLEAR HOW PRIVY GALVEZ IS TO GOH
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BANANA DECISION-MAKING. THE VIEWS HE EXPRESSED, PLUS THE FACT THAT HE REQUESTED THE MEETING ON INSTRUCTION, WOULD SEEM TO INDICATE THAT HONDURAS NOW WANTS TO TALK. TWO CAVEATS SUGGEST THEMSELVES HOWEVER: FIRST, HONDURAS MAY WANT TO TALK ABOUT THE STANDARD CONTRACT NEGOTIATIONS BUT NOT ABOUT THE TAX. SECOND, GIVEN THE NATURE OF HIS COMMENTS ON THE POLITICAL MOMENTAND, BY INFERENCE, HIS ROLE IN IT, BOBBY MAY HAVE BEEN BENDING OVER BACKWARDS TO APPEAR TO BE A REASONABLE MAN.

8. ALTHOUGH EXPRESSING INTEREST IN COMPANY-UPEB CONTACTS, HE DID NOT MENTION THAT GOH DELEGATION TO FAO CONFERENCE WILL HAVE ADVISORS FROM BANANA COMPANIES.

9. ON INTERNAL POLITICAL QUESTIONS, THIS CONVERSATION

REINFORCES IMPRESSION GAINED IN EARLIER CONVERSATION THAT GALVEZ IS RETURNING TO HONDURAS TO GET INTO SOME SORT OF POLITICAL ACTIVITY. WHETHER THIS WILL BE FROM A POSITION WITHIN THE GOVERNMENT OR FROM OUTSIDE (LOOKING TOWARDS IN) IS NOT YET CLEAR. HIS CURRENT IDEA--THAT ELECTIONS BE CALLED FOR NEAR FUTURE--IS A NEW ONE AND DEPARTMENT WOULD APPRECIATE EMBASSY'S REACTION AND COMMENT. IT WOULD APPEAR FROM HERE THAT GALVEZ MAY SEE HIMSELF AS A MEMBER OF AN INTERIM GOVERNMENT WHICH WOULD HOLD THE REINS UNTIL ELECTIONS--AT LEAST. RUSH

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